



## AUDITOR OF STATE

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**To:** County Auditors and Staff

**From:** Fred Van Dorp, Settlement Director

**Date:** July 25, 2016

**Subject:** Financial Institutions Tax Distribution

There have been questions about the Financial Institution Tax (FIT) flowing from the taxing units through the counties to our office. This memo will hopefully provide some instruction, reference information, and clarification on how those figures are being calculated.

The information posted on the Auditor's website and distributed earlier this week are the projected distributions of the FIT tax. Per IC 6-5.5-8-3, the State Auditor's office is responsible for providing the upcoming distribution figures, but the actual FIT distributions will not occur until December 1, 2016 and June 1, 2017. The figures can be used for budgeting purposes.

Per IC 6-5.5-8-2, the Auditor's Office is responsible for distributing to the taxing units an amount equal to 40% of the total financial institution tax revenue collected statewide. The FY 2016 collections were \$1202,198,272.64, which means that \$48,079,309.06 will be distributed in FY 2017.

We will be distributing this amount based on 2012 guaranteed distribution amounts. These guarantees are based on the calculation below.

**1. County Calculation:**

Total: Amount Received in 1989 under IC 6-5-10\* and IC 6-5-11\*  
Less: The amount to be received from property taxes attributable to personal property of banks  
Less: The amount that would be received per IC 12-19-3\* and 12-19-4\*

**2. Township (Civil or Fire), City, School, Waste Management, or Conservancy Calculation**

Total: Amount Received in 1989 under IC 6-5-10\* and IC 6-5-11\*  
Less: The amount to be received from property taxes attributable to personal property of banks

The actual 2012 guarantee calculations can be found on the DLGF site in the county specific information section for each county. Under each county, the file is named "2012 FIT." The first page of the document shows the taxing units that have a guarantee, but the subsequent pages show how the guarantees were calculated for all taxing units within the county. Please use the link below to navigate to DLGF website. Once there select your county before and find the "2012 FIT" file.

DLGF: [County Specific Information](#)

Since the FIT distribution is based on the 2012 guaranteed distribution amounts, the taxing units that did not have a guarantee in 2012 will never receive a FIT distribution. Also, since the statewide FIT revenue collected will fluctuate from year to year, the units that do have a guarantee will see their amounts increase or decrease based on activity.

If you have any questions or concerns, please let us know by emailing: [Settlements@auditor.in.gov](mailto:Settlements@auditor.in.gov).

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\*Please note that all four IC codes have been repealed.

**IC 6-5.5-8-2 Semiannual distributions to counties**

Sec. 2.

(a) On or before December 1 and June 1 of each year the auditor of state shall transfer from the financial institutions tax fund to each county auditor for distribution to the taxing units (as defined in IC 6-1.1-1-21) in the county, an amount equal to fifty percent (50%) of the sum of the distributions under this section for all the taxing units of the county for the state fiscal year. The amount of a taxing unit's distribution for the state fiscal year is equal to the result of:

(1) an amount equal to forty percent (40%) of the total financial institutions tax revenue collected during the preceding state fiscal year; multiplied by

(2) a fraction equal to:

(A) the amount of the guaranteed distributions received by the taxing unit under this chapter during calendar year 2012 (based on the best information available to the department); divided by

(B) the total amount of all guaranteed distributions received by all taxing units under this chapter during calendar year 2012 (based on the best information available to the department).

(b) The county auditor shall distribute the distributions received under subsection (a) to the taxing units in the county at the same time that the county auditor makes the semiannual distribution of real property taxes to the taxing units.

**IC 6-5.5-8-3 Procedure for making semiannual distributions to counties**

Sec. 3.

(a) Before April 15 and October 15 of each year, the auditor of state shall determine the amount of the next semiannual distribution under section 2 of this chapter for counties. The amounts determined by the auditor of state shall be based on the best information available to the department.

(b) In order to make the distributions required by this chapter, the auditor of state shall draw warrants on the financial institutions tax fund payable to the county, and the treasurer of state shall pay the warrants.